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Andrew M. Bateman
Deputy Chief Counsel for ORS

October 30, 2018

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Petition of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for
Approval of CPRE Queue Number Proposal, Limited Waiver of Generator
Interconnection Procedures, and Request for Expedited Review

Docket No. 2018-202-E

Dear Ms. Boyd:

The Office of Regulatory Staff ("ORS") has reviewed comments filed in this docket by Duke Energy Carolinas, LLC and Duke Energy Progress, LLC. (together the "Companies"), Duke Energy Renewables, Inc., Ecoplexus, Inc., First Solar, Inc., and the Interstate Renewable Energy Council, Inc. ("IREC"), (together the "Parties"). After considering the Parties' comments, ORS maintains the positions and concerns stated in its original comments as filed on September 21, 2018.

In response to comments expressed by the Companies and IREC on cost recovery and jurisdictional issues, ORS provides the following clarifying comments for the Public Service Commission of South Carolina's ("Commission") consideration:

1. The following additional comments are provided for the Commission's consideration of ORS's position on cost recovery as filed on September 21, 2018 in Item 2:

- a. In 2014, the South Carolina General Assembly passed the South Carolina Distributed Energy Resource Act (“Act 236”) which, among other things, directed the recovery of allowable incremental costs and avoided costs under the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and through the annual Fuel Adjustment Clause in accordance with S.C. Code Ann. § 58-27-865. The PURPA avoided costs allocated and recovered according to S.C. Code Ann. § 58-27-865, include avoided costs that originate from the North Carolina Renewable Energy Portfolio Standard (“NC REPS”), Act 236 Distributed Energy Resource (“DER”) Programs, and other Qualifying Facility (“QF”) purchases. ORS supports cost recovery in accordance with the provisions of S.C. Code Ann. § 58-27-865.
 - b. Per Act 236, DER Program incremental costs are solely allocated to SC customers. No DER Program incremental costs are allocated to NC customers. PURPA avoided costs are allocated to NC and SC customers based on their respective percentage of total retail system energy consumed.
 - c. The NC REPS program was created by NC statute to meet the renewable goals of the state of NC. No incremental costs related to the NC REPS program are allocated to SC customers. PURPA avoided costs incurred as a result of the NC REPS program are allocated to NC and SC customers based on their respective percentage of total retail system energy consumed. The Commission has not allowed cost recovery of any incremental costs originating from the NC REPS program to be allocated to SC customers.
 - d. The Competitive Procurement of Renewable Energy (“CPRE”) Program was created by the Companies to meet the NC renewable requirements of NC House Bill 589 (“HB 589”). HB 589 is an amendment to the existing NC REPS statute. The collaborative process for implementing HB 589 was limited to NC stakeholders. SC customers were not stakeholders. Therefore, costs incurred by the Companies under the CPRE Program, (except PURPA avoided costs) should not be allocated to SC customers.
 - e. The South Carolina Generator Interconnection Procedures (“SCGIP”) approved in Docket 2015-362-E, Order 2016-191, delineates in certain provisions, the parties responsible for the costs associated with interconnecting facilities to the Companies’ system(s). The following sections of the SCGIP provide requirements for estimating and assigning costs. The Companies did not request a waiver of these provisions of the SCGIP:
 - i. The System Impact Study Agreement (Sections 12 and 13)
 - ii. The Facilities Study Agreement (Section 4)
 - iii. The Interconnection Agreement (Articles 4 and 5)
2. To the extent the Commission approves the waivers as requested by the Companies, and interconnecting customers voluntarily participate in the CPRE Program, ORS’s role to facilitate informal resolution of disputes will be limited to only those provisions in the

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SCGIP for which no waiver was granted. In addition, ORS does not have jurisdiction to facilitate informal resolution over disputes arising from the Companies' administration of the CPRE Program.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Bateman', with a stylized flourish at the end.

Andrew M. Bateman

cc: All Parties of Record (via E-mail)
Joseph Melchers, Esquire (via E-mail)